

SENATE BILL 1051
By Fowler

AN ACT to amend Tennessee Code Annotated, Title 3; Title 4; Title 33; Title 38; Title 39; Title 48; Title 49 and Title 68, relative to educational programs and purposes funded from proceeds of the state lottery. This act makes appropriations for educational programs and purposes for an indefinite period of time.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Net proceeds of lottery games conducted by the state shall be used exclusively for educational purposes set out in Article XI, Section 5 of the Constitution of Tennessee and the provisions of this act. Such net proceeds shall be used to supplement, not supplant, existing resources for educational purposes, projects and programs.

SECTION 2. Tennessee Code Annotated, Title 49, Chapter 4, is amended by adding the following as a new part:

Section 49-4-901.

As used in this part, unless the context otherwise requires:

(1) "Eligible high school" means a public or private secondary school that is located in Tennessee and accredited by or affiliated with:

(A) The Southern Association of Colleges and Schools;

- (B) The Tennessee Association of Independent Schools;
- (C) The Tennessee Association of Christian Schools;
- (D) The Association of Christian Schools International;
- (E) The Tennessee Association of Non-Public Academic Schools;
- (F) The Tennessee Association of Church Related Schools; or
- (G) Accelerated Christian Education, Inc.

(2) "Eligible postsecondary institution" means an institution under the control and direction of the board of trustees of the University of Tennessee or the board of regents of the state university and community college system or an accredited nonprofit institution of higher education in Tennessee as defined under § 49-4-301(a)(1)(B)(iii) by the Tennessee student assistance corporation.

(3) "Full-time student" means a matriculated student attending a postsecondary educational institution and enrolled for the equivalent of at least twelve (12) semester hours.

(4) "Best and Brightest Scholarship" means a scholarship for postsecondary education awarded under this part.

(5) "Mandatory fees" means fees approved by the Tennessee student assistance corporation that are charged by a postsecondary institution to every student enrolled in that institution, regardless of the student's program of study.

(6) "Matriculated status" means being recognized as a student in a defined program of study leading to a degree, diploma or certificate at a postsecondary institution.

(7) "Semester hour" includes each semester hour attempted, whether remedial or for credit toward a degree, but shall not include any semester hour attempted before graduating from high school.

(8) "Title IV" means Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C.A. § 1070, et seq.

Section 49-4-902.

A student is ineligible for any scholarship or grant described in this part if the student:

- (1) Is not a United States citizen or a permanent resident alien who meets the definition of an eligible noncitizen under federal Title IV requirements;
- (2) Has not complied with United States selective service system requirements for registration, if such requirements are applicable to the student;
- (3) Is incarcerated; or
- (4) Does not meet each qualification of the Best and Brightest Scholarship program.

Section 49-4-903. To be eligible for a Best and Brightest Scholarship, a student shall:

- (1) Meet Tennessee residency requirements as defined by the regulations promulgated by the board of trustees of the University of Tennessee under § 49-9-105 or the board of regents under § 49-8-104; and
- (2) Meet enrollment standards by:
 - (A) Being admitted, enrolled and classified as an undergraduate student in a matriculated status at an eligible postsecondary institution; and
 - (B) Being registered and attending classes for fourteen (14) days or more after the last day of the institution's drop and add period.

Section 49-4-904.

(a) To be eligible for a Best and Brightest Scholarship, a full-time student who is an entering freshman shall have:

(1) Graduated from an eligible high school in 2004 or thereafter;
and

(A) Successfully completed three (3) years of science,
three (3) years of mathematics and four (4) years of English at the
high school level or above prior to graduation;

(B) Achieved a class standing in the top twenty percent
(20%) of the high school graduating class; and

(C) Scored in the seventieth percentile or above on the
ACT or SAT; or

(2) Completed a home study program meeting the requirements
of § 49-6-3050 in 2004 or thereafter; and

(A) Successfully completed three (3) years of science,
three (3) years of mathematics, and four (4) years of English at
the high school level or above prior to completion of the home
study program; and

(B) Scored in the eightieth percentile or above on the ACT
or SAT.

(b) To be eligible to continue to receive a Best and Brightest Scholarship
after the freshman year, a full-time student must rank in the upper half of the
student's class. A student who fails to achieve and maintain a class rank in the
upper half of the student's class shall be ineligible to continue to receive a Best
and Brightest Scholarship. No student having lost a Best and Brightest
Scholarship may regain the scholarship.

(c) A student with a Best and Brightest Scholarship may take no more
than two (2) semesters off, not including summer semesters, before graduating
without losing the scholarship.

Section 49-4-905.

Best and Brightest Scholarship students shall be enrolled as full-time students.

Section 49-4-906.

A student is eligible to receive a Best and Brightest Scholarship for four (4) years or until the student receives a baccalaureate degree, whichever occurs first.

Section 49-4-907.

Subject to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of lottery games operated by the state, a Best and Brightest Scholarship awarded to a student attending an eligible postsecondary institution shall be five thousand dollars (\$5,000) per year or the costs of tuition and approved mandatory fees and a book allowance not to exceed two hundred dollars (\$200) per semester, whichever is less. The maximum amount that a Best and Brightest Scholarship student can receive shall be twenty thousand dollars (\$20,000).

Section 49-4-908.

Scholarships or grants to be awarded under this part shall not commence prior to the fall semester or fall quarter of 2004.

Section 49-4-909.

(a) The Tennessee student assistance corporation is authorized to promulgate rules and regulations to effectuate the purposes of this part. All such rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act compiled in title 4, chapter 5.

(b) Notwithstanding any other provision of this part, the Tennessee student assistance corporation is authorized to promulgate rules and regulations restricting eligibility for the scholarships described in this part or reducing the dollar amount of scholarships described in this part in accordance with any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of lottery games operated by the state.

SECTION 3. Tennessee Code Annotated, Title 49, Chapter 3, Part 3, is amended by adding the following as a new, appropriately designated section:

Section 49-3-367.

(a) Net proceeds of the state lottery in excess of those required in a fiscal year for funding of Best and Brightest Scholarships shall be distributed to the LEA's in the following fiscal year for capital outlay projects for K-12 educational facilities. The funds shall be distributed to an LEA in the same proportion as the LEA's ADM is to the total state ADM. To receive such funds the LEA must provide matching funds on a dollar-to-dollar basis. If the LEA provides fewer matching dollars than the maximum amount of funds to which it would otherwise be entitled, then the distribution from the net proceeds of the state lottery shall be reduced accordingly. Such funds shall be used to supplement, not supplant, non-lottery educational resources for capital outlay projects for K-12 educational facilities.

(b) In any county having a population of not less than three hundred seven thousand eight hundred (307,800) nor more than three hundred seven thousand nine hundred (307,900) according to the 2000 federal census or any subsequent federal census, the funds allocated in fiscal year 2005-2006 from net proceeds of the state lottery in excess of those required for funding of the Best and Brightest Scholarships

shall be dedicated to the construction of a high school in the largest incorporated municipality in the county that does not have a high school.

SECTION 4. The provisions of this act providing for postsecondary financial assistance, early learning projects and capital outlay projects for K-12 educational facilities from the net proceeds of lottery games operated by the state shall not be construed to be an appropriation of funds, and no funds shall be obligated or expended pursuant to this act unless such funds are specifically appropriated by the General Appropriations Act.

SECTION 5. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end, the provisions of this act are declared to be severable.

SECTION 6. This act shall take effect upon becoming a law, the public welfare requiring it.